

FISCAL NOTE

SB 743 - HB 1007

April 5, 2001

SUMMARY OF BILL: Increases the minimum insurance amounts for Governmental Tort Liability Act as follows:

- For actions arising between July 1, 2003, and July 1, 2004: \$185,000 per individual, \$500,000 for all individuals, and \$150,000 for property damage;
- For actions arising between July 1, 2004, and July 1, 2005: \$250,000 per individual, \$750,000 for all individuals, and \$300,000 for property damage;
- For actions arising between July 1, 2005 and July 1, 2006: \$300,000 per individuals, \$1,000,000 for all individuals, and \$500,000 for property damage; and
- For actions arising in any year thereafter; the minimum limits would be adjusted upward to reflect increase in the CPI over the previous year.

Requires all governmental entities to report premiums and losses to the state treasurer within six months of the end of each fiscal year.

Requires the State Treasurer to implement a Governmental Tort Liability Act Excess Coverage Fund by January 1, 2005 proposal with the following units:

For actions arising between January 1, 2006 and January 1, 2007: \$1,000,000 per individual and \$5,000,000 for all individuals;

For actions arising between January 1, 2007 and January 1, 2008: \$2,000,000 per individual \$7,500,000 for all individuals;

For actions arising between January 1, 2008, and January 1, 2009: \$3,000,000 per individual and \$10,000,000 for all individuals; and

For actions arising in any year thereafter the minimum limits would be adjusted upward to reflect increase in the CPI over the previous year.

- Requires governmental entities to participate in the Excess Coverage Fund in order to have the benefit of the increased insurance limits.
- Requires governmental entities to be responsible for the limits that this bill would establish for all claims made after January 1, 2006.
- Provides that a governmental entity's purchase of insurance with higher limits than those established by the bill constitutes a waiver of the entity's right to claim such limits.

ESTIMATED FISCAL IMPACT:

Increase State Revenues - Exceeds \$100,000 - FY04-05

Increase State Expenditures Exceeds \$100,000 - FY04-05

Increase Local Govt. Expenditures -	Exceeds \$5,000,000 - FY03-04
	Exceeds \$6,000,000 - FY04-05
	Exceeds \$7,000,000 -FY05-06

Assumes:

- a significant increase in expenditures to local governments for higher insurance premiums or a significant increase in claims payments for local governments that are self-insured.
- cost to administer the fund by the State Treasurer will result in an increase in state expenditures exceeding \$100,000 and a corresponding increase in state revenues since any cost to administer the fund will be paid by local governments.

Bill does not impact the state's claim program that is governed by limits set out in TCA 9-8-307(3)(e).

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director